

# Strategy 2018

## Summary

We are living in uncertain times with local, national and international policies changing rapidly and impacting on our business model. When these political and economic changes are combined with rapid technological innovation we have an even more uncertain environment which brings both opportunities and threats.

The housing sector in particular is seeing big changes. The government has recognised that there is a housing crisis as prices continue to increase in many parts of the country despite stagnating wages. This has led the government to return to capital investment in affordable housing, including social rent, which was cut by the previous administration. We have also had a rent settlement which is very positive for the business as we will return to over inflation increases after 2020. This will bring higher demands and expectations on the sector which we will ensure we are in a position to respond to.

We need to be dynamic to be able to respond to these changes. In particular we need to pull together as one team and make sure that we have people who are motivated, skilled and able to deliver efficient and effective services for our customers. Having the best people, the best training and development and the best systems will allow us to rise to the challenges that we face.

Decreasing rents and higher inflation in the next few years will force us to make some difficult decisions about the services we provide. We will provide efficient and effective services, excellent value for money and we will be honest and clear with our customers about the services that we provide.

We consider one of our strengths to be our strong local presence and involvement with our local communities and we want to ensure that we use this strength to improve the lives of people living in our communities.

## Changing operating environment

The first step we will consider in this strategy is the changing environment that we operate in and what challenges and opportunities this brings us.

We may previously have been able to think that we do not compete with other organisations except perhaps for development opportunities. This is not the case. We now compete in a wide-range of ways:

- We compete with housing associations and other organisations for talented staff. As we have grown we have more areas where we are competing more broadly than just with housing associations, this includes operatives, finance, ICT and HR amongst others.
- We compete with others for land and s106 schemes
- We compete with others for grant funding particularly for development.
- We compete with others for our customers' money – if they spend their money on something else they can't spend it on paying their rent.
- We compete with others when we are selling shared ownership, other low cost home ownership options and market sale homes
- We compete with others, both housing associations and private landlords, when we seek to find tenants for our homes. We are still able to let our homes but it is becoming more difficult in Wiltshire as a result of the changes to Wiltshire Council's allocations policy.
- We compete with others for access to the lowest cost funding.
- Once the regulator starts to publish league tables of efficiency we will be competing with other housing associations to demonstrate that we are efficient. Maintaining high levels of efficiency compared to our peers will demonstrate that we deliver value for money.

It is expected that competition will intensify in most, if not all, of these areas in the next few years. This trend is being facilitated by government who would like to introduce more market forces to drive efficiency in the sector. We have seen this to date with the rent cut and welfare reform which both impact on our income and have forced housing associations to become more efficient. The next known impact will come from the local housing allowance cap coming into force.

We are pleased that rent increases will return to CPI +1% after 2020 as this will help us maintain greater investments in existing and new homes.

As well as changes driven by national government policy we are seeing changes at a local level, particularly as a result of changes to the allocation policy in Wiltshire resulting in there being fewer customers for us to access through the council waiting list.

The changes in policy combined with the cuts to statutory services are making it much harder to manage our homes and communities in a sustainable way.

There are also new entrants into the development sphere e.g. local authorities and private companies.

Increasing competition is the key change in our operating environment. The other external factors to note are:

- Brexit – the economic, political and social impacts of Brexit are uncertain. Our plan last year predicted higher inflation and this is now being seen. This is of particular importance to us as our rents are not currently linked to inflation as they have been in the past so the impact of the rent cuts is greater than it might have been. This is another factor making efficiency vitally important.

We are also aware of the impact that this may have on some of our staff who are EU nationals. We are keeping this under review.

- Digital –with the continued growth in digital services the trend is that customers expect to get a fast response to their issues and be kept well informed of progress. This has implications for the expectations of our customers.
- Uncertainty – the environment in which we operate is more unpredictable and much faster moving than in the past. We need to ensure that we are able to be dynamic and respond quickly to changes.

### **Leveraging our advantages**

Advantages we have in relation to these changes are that:

- We have better local knowledge as we work in a concentrated geographic area
- We have a loyal and committed workforce.
- We have strong relationships with many of our customers and good customer satisfaction.
- We already operate efficiently compared to our peers
- We have access to lower cost funding than private companies. Even compared to other housing associations we will be able to access better rates if we have stronger finances. Related to this we have a large amount of uncharged assets which could be utilised to raise more finance.

Our strategy should build on these advantages as well as addressing weaknesses.

The most obvious weaknesses are that:

- We struggle to compete with others when recruiting. This is particularly true for non-housing roles, one reason for this could be that we are not well known outside the sector.

- We have a poor digital offering to our customers and can be bureaucratic, slow to respond and do not always communicate well. As the world speeds up we will be expected to do so also.
- We have extensive data about our customers but we are not using this to tailor our services.

## Key principles

We have identified that the key challenge facing us is the increasing level of competition we face in a number of different arenas.

In order to be able to survive and thrive in this competitive, rapidly changing environment we need one thing above all else. We need great people who are motivated, skilled and able to deliver for our customers. We have to train, develop and equip our staff with the right tools to do their jobs. This will allow us to deliver on all of our other objectives.

In order to do this we need to ensure that our people are well trained and clear what their roles are. We also need to make sure that there are good plans in place to manage talent and progression across the group.

As identified earlier we know that recruiting good people into the organisation is becoming increasingly difficult. We need to make sure that we are attractive to potential employees and one way to achieve this is to raise the profile of the organisation. Raising our profile will also help to attract customers to our rented homes and buyers to our new build homes.

This gives us the first guiding principle of our strategy which is that we need to **ensure our people are motivated, skilled and able to deliver for our customers**. Our approach to addressing this issue is detailed in our human resources strategy.

Our plans in this area are detailed in our group HR strategy.

As well as considering the external environment we also need to remember our purpose as an organisation so that we can ensure that is delivered by the strategy.

Our core purpose is to provide housing to people in need.

To achieve this we need to provide more housing and make sure that it is occupied by people who are in need. They may be in need because of vulnerability or financial reasons. If we help move people from being in need to being able to support their own housing needs through the market then we will free up housing to help more of those in need.

This means our aims should be to maximise the number of homes we are building, make the best use of the homes that we have (in terms of housing people in need) and support people to be able to move on from our homes.

In order to maximise the number of homes that we build whilst getting the best from our existing homes we need to deliver our services in the most effective and efficient way possible. This will address our core purpose as well as putting us in a position to deal with the increasing levels of competition that we face.

This gives us the second guiding principle of our strategy – to **deliver excellent value for money services**. This is a continuation of the value principle from the previous strategy. We want to deliver the right level of service in the most efficient way possible so that we can maintain a strong development programme. Our approach to value for money is detailed in our value for money strategy.

Our focus on value for money combined with falling rents means that we are under pressure to reduce our costs. This cost pressure needs to be balanced with the changing market in which we operate, in particular the expectations of our customers.

In the past it has always been considered that our customers have no choice but to be housed by us so we have essentially a captive audience and no issues with finding customers. The earlier analysis of the competition we face showed that a reduction in numbers on the waiting list for housing is creating a very different dynamic in terms of supply and demand. We can no longer easily let all of our homes and with other changes to benefits, such as the benefit cap reduction and LHA caps, coming into force this is going to affect the letting of more of our homes. For example, our largest family homes will be unaffordable for those on benefits with the benefit cap in place. We are already seeing the impact of these changes in the number of harder to let properties that we have.

In order to adapt to this changing picture we need to be very clear on who our customers are, how we are going to find them and what services they require. We have a lot of data on our customers which we can use to give us this clarity.

Balancing cost pressures and the need to let our homes means we will have to make difficult decisions about the level and type of services that we provide. We may need to reduce services in some areas but we will still ensure that the services we do provide will be high quality and meet our objectives. Our customer satisfaction targets are included in our VFM strategy.

Part of our offer needs to be looking at ways in which we can support our customers to move out of being in housing need as this frees up our homes to house others who are in need.

These points lead to our third guiding principle which is to **be clear on what our offer is to our customers**. If we follow this principle and are clear on the services that we will provide to our customers then by delivering on our promises we will maintain high customer satisfaction.

To summarise, we will leverage our strengths to:

- Ensure our people are motivated, skilled and able to deliver for our customers
- Deliver excellent value for money services
- Be clear on what our offer is to our customers

## **Objectives and actions**

These principles will guide our work over the coming years. We need to develop those into more specific goals and plans in the rest of this strategy.

The following are the key areas for us to develop in the next few years, they are then followed by specific targets for 2018/19.

## **Culture and development of staff**

We have identified that ensuring that our staff are motivated, skilled and able to deliver for our customers is the first guiding principle in the strategy and needs to be in place for us to deliver all of our other goals.

The new Investors in People framework gives us a good structure covering the areas we need to develop in terms of culture and staff. We will use the framework as the basis for our work and will aim to achieve the Silver standard across the group when we are re-assessed in 2018. This would put us in the top 5% of organisations that are assessed.

The framework has the following nine areas within it:

- Leading and inspiring people
- Living the organisation's values and behaviours
- Empowering and involving people
- Managing performance
- Recognising and rewarding high performance

- Structuring work
- Building capacity
- Delivering continuous improvement
- Creating sustainable success

Our strategy in this area is covered in more detail in the group HR strategy.

### **Improve use of ICT to deliver better value services**

As an organisation our use of ICT in the business has historically been a weakness. This has been due to a number of factors:

- the level of skills, knowledge and capacity in the ICT team to develop our existing and new systems has been inadequate.
- our project controls and processes have been unsuccessful in delivering projects on time.
- a lack of knowledge and skills in the general staff in using systems and adapting to changes has meant that adoption of new systems and ways of working has not always been good.

We have made good progress in addressing some of these issues in the last few years with a new ICT team now in place and the introduction of a sprint methodology to many of our ICT projects vastly improving results.

But ICT is not just about the ICT team, it is about how we can use ICT across the whole organisation to improve our systems, processes and ways of working. It is important that ICT is driven by the needs of the business and is not an end in itself.

We have identified a competitive advantage to be the data that we have about our customers. This should allow us to provide services that deliver the right service to the right person in a more efficient way than the 'one size fits all' approach that we tend to use at the moment. In order to do this we will need to make better use of the data that we have to develop services. Our ICT systems will be a key part of this.

Specific steps that we need to take to ensure we can use ICT to deliver better value services are:

- Introduce ways to make better use of the data we hold and use this to make our services better value.
- Improve training - we will put greater resources into ICT training for staff to ensure that we get the best out of the systems that we have.

- Ensure that our systems allow us to interact quicker and more efficiently with our customers and keep them informed of progress with their circumstances. We have identified speed and communication as key drivers of customer satisfaction.
- Introduce project accounting – at the moment it is difficult for us to identify gains made by projects as we do not account for them separately. By making this change we will be able to make clear investment decisions and show how we have improved value by the system improvement projects we have undertaken through post project reviews.

Our approach to transformation and change is wider than just the ICT changes mentioned above. Our initial focus on building a strong ICT platform is to enable to wider changes in the future.

### **Development of new housing**

In order to deliver our core purpose we need to maximise the number of new homes we are building whilst retaining our financial viability. The scale and mix of the programme will depend on the need in the area, the funding that is available and the conditions in the housing market at the time. We will follow a flexible, demand led approach where we will seek to maximise the impact of our development programme in a way that reflects the market conditions at the time.

### **Use of assets**

As a part of delivering excellent value for money services we need to make the best use of our assets. We need to have clear plans in place as to how we will manage and maintain our general needs and sheltered homes. We need to develop a clear, proactive asset management strategy that will manage our homes for the best in the long-term.

### **Governance, compliance and control**

Underpinning a well run organisation is strong governance and risk management. When we think about governance this is not just about having a strong board leading the group but is also about how we involve our customers in the running of the group through co-regulation. We do this through having tenant board members, a strong scrutiny process, focus groups and online surveys amongst other involvement methods.

We need to ensure that our governance structure delivers strong governance in the most effective and efficient way possible. This covers all of our subsidiary boards as well as the group board.

### **Silcoa**

Silcoa is a key part of our service offering to customers and will follow the principles in this strategy. Of primary importance will be ensuring that the services delivered by Silcoa offer excellent value for money for Selwood Housing.

There is a separate strategy for Silcoa, the key focus of this is cost reduction to deliver the most efficient service possible to Selwood.

## **Risks and risk appetite**

The top risks identified in our group risk map are:

- Failure to meet compliance requirements as a landlord
- Rental income receivable less than planned
- Failure to effectively monitor, anticipate and respond to changes in the external environment
- Failure to recruit and retain a staff team that is skilled, motivated and productive within agreed resources
- Cost of employer's pension contributions greater than planned
- Failure to comply with loan covenants
- Failure to manage assets to comply with agreed standards and produce the planned financial and social returns
- Failure to comply with health and safety obligations
- Failure of the board to exercise good quality, strategic governance and risk management that complies with all legal and regulatory requirements
- Failure to achieve value for money of Selwood Housing's aspirations on top quartile satisfaction and performance at average cost
- Failure of the board and the management team to set an appropriate strategic direction

All of these risks are covered in some way in the above strategy.

## **Targets for 2018/19**

### **Culture and development of staff**

Achieve Investors in People Silver in October.

New HR system implementation. Phase 1 complete by June 2018, phase 2 by December 2018

We are working to raise the profile of the group, in particular to support recruitment and position Selwood Housing Group as a great place to work. We will undertake a survey to set a baseline measure in the first quarter of the year and will set improvement targets against that measure.

### **Improve use of ICT to deliver better value services**

Our new infrastructure will be in place by the start of the new financial year. We will look to build on the new ICT infrastructure to improve efficiency through the better use of technology. The infrastructure will allow more mobile and working flexibly. We will be running a working flexibly trial in the first half of the year with a view to then rolling this out across the organisation.

We will be working on a number of areas to build our digital presence:

- More customers using our website to access our services
- More shared ownership sales through the website
- Improved social media presence raising our profile with customers and potential employees.

We have increased the number of people in our ICT team which will give us more capacity to make ongoing improvements to our existing systems. These are smaller changes that are not standalone projects but will make significant improvements to our day-to-day operations.

### **Customers**

We will agree clear offers to our customers in housing, repairs and independent living by June 2018. We will align our services to the offers by September 2018 and communicate these offers clearly to customers by December 2018.

We will continue to monitor customer satisfaction closely and maintain our current levels of satisfaction.

We will ensure that we keep our customers safe through robust health and safety and compliance processes. We will comply with all relevant legislation, particularly around fire and gas safety, and ensure that any incidents are fully investigated.

### **Projects**

This year will be an opportunity to build on our new infrastructure to implement change in a number of areas across the business.

We will scope out the key projects that we wish to undertake over the next 3-5 years to enable us to develop a roadmap for these changes. We will have completed the roadmap by October 2018 and this will then inform our project work from this date.

To provide a foundation for the roadmap we will continue to work on mapping out processes across the group. This work has begun at a high level as part of the infrastructure project and will be continued in more detail in 18/19. Having a better understanding of our processes and how they interact will allow us to see the group wide implications of projects so we can plan them better. High level process mapping will be complete by October 2018.

Whilst the roadmap is being developed we will still move ahead on key projects where we can see that there will be significant gains. These projects will need to be confirmed but are likely to include work to improve the materials processes in Silcoa and improvements to our website, amongst other things.

Examples of some of the other projects that we will be scoping out in the first half of the year include:

- Lettings review
- Neighbourhood planning
- E-procurement system
- Rationalisation of our data to develop better performance information to streamline the delivery of our customer offers
- Customer support team project feasibility
- Asset management system
- Contractor specific solution for Silcoa
- Electronic document management
- Mobile and flexible working

## **Core business**

As well as the areas for improvement identified above we will continue to deliver value for money through the delivery of the targets in our budget and through our value for money strategy.

We have set detailed targets for all of our core services, including the development of new homes, and will ensure that they continue to deliver our targeted performance levels within budgets.

The board lead the organisation and this year we will be recruiting a new chair to lead the board. We have planned ahead for these changes and aim to retain our top governance rating from the regulator